

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application of)  
HAWAIIAN ELECTRIC COMPANY, INC. )  
Regarding Integrated Resource )  
Planning )  
\_\_\_\_\_)

Docket No. 2007-0084

DECISION AND ORDER NO. 23455

Filed May 23, 2007  
At 2 o'clock P.M.

Karen Higashi.  
Chief Clerk of the Commission

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DIV. OF CONSUMER ADVOCACY  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

ATTEST: A True Copy  
KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

Karen Higashi.

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HAWAIIAN ELECTRIC COMPANY, INC. )  
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Docket No. 2007-0084

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ORDER

By this Order, the commission grants Hawaii Renewable Energy Alliance's ("HREA") Motion to Intervene of Hawaii Renewable Energy Alliance filed on April 11, 2007 ("HREA's Motion"), Honolulu Seawater Air Conditioning, LLC's ("HSAC") Motion to Intervene filed on April 17, 2007 ("HSAC's Motion"), and OCEES International, Inc.'s ("OCEES") Motion to Intervene filed on April 18, 2007 ("OCEES's Motion") (collectively, "Motions to Intervene").

I.

Background

On March 29, 2007, the commission filed Order No. 23328 in this docket, initiating the fourth Integrated Resource Planning cycle ("IRP-4") for HAWAIIAN ELECTRIC COMPANY, INC. ("HECO").<sup>1</sup> In Order No. 23328, the commission named Life of the Land as a party to this docket.<sup>2</sup>

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<sup>1</sup>HECO is a Hawaii corporation and a public utility as defined by Hawaii Revised Statutes ("HRS") § 269-1. HECO was initially organized under the laws of the Kingdom of Hawaii on or about

On April 11, 2007, HREA filed its motion to intervene.<sup>3</sup> On April 17, 2007, HECO submitted a statement that it does not oppose HREA's Motion, "provided that the movant does not broaden the issues or delay the proceeding."<sup>4</sup>

On April 17, 2007, HSAC filed its Motion to Intervene. On April 18, 2007, OCEES filed its Motion to Intervene.<sup>5</sup> On April 26, 2007, HECO filed a memorandum in response to HSAC's Motion and OCEES' Motion indicating that it does not oppose their intervention. HECO, however, requests that the "[c]ommission condition [their] intervention upon: (1) not unduly delaying the proceeding and unreasonably broadening the issues; and (2) not relitigating issues that were decided by the [c]ommission in Decision and Order No. 23258 [filed on February 13, 2007 in Docket No. 05-0069]."<sup>6</sup>

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October 13, 1891. HECO is engaged in the production, purchase, transmission, distribution, and sale of electricity on the island of Oahu in the State of Hawaii.

<sup>2</sup>See Order No. 23328 at 2-3.

<sup>3</sup>Pursuant to section III.E.3.c of the IRP Framework, the deadline to intervene in this docket is twenty days after publication by HECO of notice to the general public of its filing of the proposed Integrated Resource Plan for commission approval. The IRP Framework, however, does not preclude the filing of a motion to intervene prior to publication of HECO's notice. See Decision and Order No. 13839, filed on March 31, 1995, in Docket No. 7257, at 2 n.2.

<sup>4</sup>See HECO's April 17, 2007 letter to the commission.

<sup>5</sup>Applicants served copies of their Motions to Intervene on the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate"), an ex officio party to this docket, pursuant to HRS § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62.

<sup>6</sup>See HECO's Memorandum in Response at 3.

## II.

### Discussion

HAR § 6-61-55 sets forth the requirements for intervention in commission proceedings. It states, in relevant part:

- (a) A person may make an application to intervene and become a party by filing a timely written motion in accordance with sections 6-61-15 to 6-61-24, section 6-61-41, and section 6-61-57, stating the facts and reasons for the proposed intervention and the position and interest of the applicant.
- (b) The motion shall make reference to:
  - (1) The nature of the applicant's statutory or other right to participate in the hearing;
  - (2) The nature and extent of the applicant's property, financial, and other interest in the pending matter;
  - (3) The effect of the pending order as to the applicant's interest;
  - (4) The other means available whereby the applicant's interest may be protected;
  - (5) The extent to which the applicant's interest will not be represented by existing parties;
  - (6) The extent to which the applicant's participation can assist in the development of a sound record;
  - (7) The extent to which the applicant's participation will broaden the issues or delay the proceeding;
  - (8) The extent to which the applicant's interest in the proceeding differs from that of the general public; and
  - (9) Whether the applicant's position is in support of or in opposition to the relief sought.

HAR § 6-61-55(a) and (b). HAR § 6-61-55(d) further states that "[i]ntervention shall not be granted except on allegations which are reasonably pertinent to and do not unreasonably broaden the issues already presented."<sup>7</sup>

A.

HREA's Motion

HREA states that it is a Hawaii-based, private, non-profit corporation, exempt from federal income taxes under section 501(c)(6) of the Internal Revenue Code of 1986.<sup>8</sup> It is composed of developers, manufacturers, distributors, scientists, engineers, and advocates in renewable energy.<sup>9</sup>

HREA represents:

Individual HREA members were intervenors in PUC Docket No. 94-0226 (Renewable Energy) and in the first two rounds of HECO's [Integrated Resource Planning], including the Externalities Working Group, Supply-Side and [Demand Side Management] Advisory Committees. HREA is a current member of the Advisory Groups for both HECO's and [Maui Electric Company, Limited's] third round IRPs and HECO's fourth round IRP, and HREA is an intervenor in PUC Docket No. 99-0004 (MECO IRP - 2000 to 2020), which is MECO's third round IRP. HREA was an intervenor in PUC [Public Utilities Commission] Docket No. 96-0493 (Electric Competition, including an investigation of the Electric Utility

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<sup>7</sup>See In re Application of Hawaiian Elec. Co., Inc., 56 Haw. 260, 262, 535 P.2d 1102, 1104 (Haw. 1975) (intervention "is not a matter of right but a matter resting within the sound discretion of the commission").

<sup>8</sup>See HREA's Motion, filed on April 11, 2007.

<sup>9</sup>Id.

Infrastructure in the State of Hawaii), and participated in the "Act 95 Workshops." HREA is an intervenor in the Distributed Generation (No. 03-[0]371), Competitive Bidding for New Generation (No. 03-[0]372), Demand-Side Management/Energy Efficiency (No. 05-0069), Net Metering (No. 2006-0084), PAYS® (No. 2006-0425), and the [Renewable Portfolio Standards] (No. 2007-0008) dockets.<sup>10</sup>

HREA claims that renewables "are an important part of the discussion in each of these dockets, as well as the instant docket."<sup>11</sup> HREA represents that its interests include:

(i) treatment of renewable energy resources, both as supply-side and demand-side measures, in HECO's IRP, (ii) integration of the competitive bidding framework established in the Competitive Bidding docket (No. 03-0372) in HECO's fourth round IRP framework, and (iii) refinements to improve the IRP process. Thus, HREA has a substantial and continuing interest in IRP.<sup>12</sup>

Based upon the foregoing, the commission finds that HREA has a substantial interest that is reasonably pertinent to the matters of this docket, and that its participation in this proceeding may assist in the development of a sound record. Accordingly, the commission concludes that HREA's Motion should be granted.

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<sup>10</sup>Id.

<sup>11</sup>See HREA's Motion at 3.

<sup>12</sup>Id.

B.

HSAC's Motion

HSAC states:

Movant is currently developing a 25,000-ton [Seawater Air Conditioning ("SWAC")] system for downtown Honolulu. This project involves \$145 million of at-risk capital, of which \$29 million is equity capital . . . . Movant also plans to develop a similar 25,000-ton seawater air conditioning district cooling system for Waikiki and there is a potential for at least two other similar systems on Oahu.<sup>13</sup>

The Downtown Honolulu SWAC project is expected to reduce the use of fossil-fuel generated electricity by more than 77 million kilowatt hours per year; a 174,000 barrel per year reduction in crude oil consumption.<sup>14</sup>

HSAC claims that "SWAC systems have not been adequately evaluated and incorporated into HECO's DSM plans, to date."<sup>15</sup> HSAC asserts that "building energy use is the largest component of energy use in HECO's service territory, and air conditioning is the largest component of energy use in buildings. As a result, any comprehensive IRP plan must address this energy end use."<sup>16</sup>

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<sup>13</sup>See HSAC's Motion at 8.

<sup>14</sup>See HSAC's Motion at 4.

<sup>15</sup>See HSAC's Motion at 5.

<sup>16</sup>Id.

HSAC claims to be "in the unique position of being a developer of large-scale SWAC renewable energy systems [and] [o]ther potential interveners [sic] have not specifically addressed SWAC systems, or may represent a diverse group of energy efficiency and renewable energy technologies."<sup>17</sup> HSAC represents that it has extensive experience in the marketing, economics, and performance of SWAC systems which will be "extremely useful" in developing the IRP plan.<sup>18</sup>

Based on the foregoing, as with HREA, the commission finds that HSAC has a substantial interest that is reasonably pertinent to the matters of this docket, and that its participation in this proceeding may assist in the development of a sound record. Accordingly, the commission concludes that HSAC's Motion should be granted.

C.

OCEES's Motion

OCEES<sup>19</sup> states that it is a renewable energy developer currently developing a 1.0 megawatt Ocean Thermal Energy Conversion ("OTEC") system to service the power and water needs of the Natural Energy Laboratory of Hawaii Authority ("NELHA") in Kona, Hawaii.<sup>20</sup> Future OTEC systems, stemming from the NELHA and

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<sup>17</sup>See HSAC's Motion at 9.

<sup>18</sup>See HSAC's Motion at 10.

<sup>19</sup>Ocean Engineering & Energy Systems International, Inc. ("OCEES International Inc.").

<sup>20</sup>See OCEES' Motion at 3.



other OCEES projects, "will significantly reduce the generation capacity requirements for HECO as 100 MW OTEC systems are implemented in the State of Hawaii."<sup>21</sup>

OTEC systems are "emission-free power generation systems and just one 100 MW OTEC system can replace 832 million kWh/yr [kilowatt hours-per-year] of fossil-fuel generated electricity. This one OTEC facility will reduce crude oil consumption by more than 1.9 million barrels per year . . ."<sup>22</sup>

OCEES plans to develop a 100 MW OTEC system on Oahu, at an investment of approximately \$600 million.<sup>23</sup> OCEES "maintains that the IRP-4 process will show that OTEC systems have not been adequately evaluated and incorporated into HECO's energy generation plans, to date."<sup>24</sup>

OCEES states that it "is in the unique position of being a developer of large-scale OTEC renewable energy systems. Other potential interveners [sic] have not specifically addressed OTEC systems, or may represent a diverse group of energy efficiency and renewable energy technologies. Furthermore, they may not have specialized knowledge and experience with the operational characteristics, recent technological improvements and benefits of OTEC systems to fully and adequately represent

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<sup>21</sup>Id.

<sup>22</sup>Id.

<sup>23</sup>See OCEES' Motion at 7.

<sup>24</sup>See OCEES' Motion at 4.

[OCEES] interest. . . [OCEES] is the exclusive advocate for OTEC."<sup>25</sup>

OCEES contends that "[d]evelopment of offshore OTEC projects will help HECO meet its load growth without public resistance to plant location ('not in my back yard') and other land and water issues."<sup>26</sup>

OCEES has over twenty years of experience in researching, designing, developing, financing, constructing, and operating OTEC systems.<sup>27</sup>

Based on the foregoing, as with HREA and HSAC, the commission finds that OCEES has a substantial interest that is reasonably pertinent to the matters of this docket, and that its participation in this proceeding may assist in the development of a sound record. Accordingly, the commission concludes that OCEES's Motion should be granted.

Nonetheless, HREA, HSAC and OCEES are cautioned that their participation as intervenors in this docket will be limited to the issues raised in this docket. The commission will preclude any effort by them to unreasonably broaden the issues, or unduly delay the proceeding, and may reconsider and revoke their intervenor status in this docket if, at any time, during the course of this proceeding, the commission determines that they are unreasonably broadening the pertinent issues raised in this docket or are unduly delaying the proceeding by, without

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<sup>25</sup>See OCEES' Motion at 9.

<sup>26</sup>See OCEES' Motion at 11.

<sup>27</sup>See OCEES' Motion at 6.

limitation, failing to timely act or respond as appropriate in this matter.

III.

Orders

THE COMMISSION ORDERS:

1. HREA's Motion to Intervene is granted.
2. HSAC's Motion to Intervene is granted.
3. OCEES's Motion to Intervene is granted.

DONE at Honolulu, Hawaii MAY 23 2007.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By Carlito P. Caliboso  
Carlito P. Caliboso, Chairman

By John E. Cole  
John E. Cole, Commissioner

APPROVED AS TO FORM:

Jodi W. K. Yi  
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Commission Counsel

2007-0084.sl

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23455 upon the following Petitioners, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such party.

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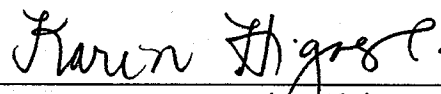
CERTIFICATE OF SERVICE - Continued

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DATED: MAY 23 2007